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## SENATE BILL No. 325

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 21-3-3.2; IC 21-3-3.3.

**Synopsis:** Equalization of school property tax levies. Provides state distributions to partially equalize school corporation capital projects fund levies and school corporation debt service fund levies. Provides that the state capital projects fund distribution will guarantee that the amount a school corporation can raise from the first \$0.55 of its capital projects fund tax rate is the amount that could be raised from an assessed valuation of \$70,000 per pupil. Provides that the state debt service fund distribution will guarantee that the amount a school corporation can raise from the first \$1 of its debt service fund tax rate is the amount that could be raised from an assessed valuation of \$70,000 per pupil. Makes an appropriation from the state general fund sufficient to make the distributions.

**Effective:** July 1, 2001; January 1, 2002.

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### Bowser

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January 16, 2001, read first time and referred to Committee on Finance.

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First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

## SENATE BILL No. 325

A BILL FOR AN ACT to amend the Indiana Code concerning education finance and to make an appropriation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 21-3-3.2 IS ADDED TO THE INDIANA CODE  
2       AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3       JANUARY 1, 2002]:

4       **Chapter 3.2. Distribution for Capital Projects Support**

5       **Sec. 1. Subject to section 2 of this chapter, the state distribution**  
6       **for a calendar year for capital projects support for each school**  
7       **corporation equals the result determined using the following**  
8       **formula:**

9       **STEP ONE: Determine the result of:**

10       **(A) the school corporation's ADM (as defined in**  
11       **IC 21-3-1.6-1.1) for the current calendar year multiplied**  
12       **by seventy thousand dollars (\$70,000); divided by**

13       **(B) the school corporation's most recent adjustment factor,**  
14       **as determined by the state board of tax commissioners**  
15       **under IC 6-1.1-34.**

16       **STEP TWO: Determine the greater of zero (0) or the result**  
17       **of:**



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(A) the STEP ONE result; minus

(B) the school corporation's assessed valuation for the current calendar year.

**STEP THREE: Determine the lesser of fifty-five ten thousandths (0.0055) or the result of:**

(A) the school corporation's proposed capital projects fund levy for the current calendar year, before the reduction under this chapter; divided by

(B) the STEP ONE result.

**STEP FOUR: Multiply the STEP THREE result by the STEP TWO result.**

**Sec. 2. (a)** Subject to the total amount appropriated by the general assembly for capital projects support under this chapter, the amount that a school corporation is entitled to receive as a capital projects support distribution for a calendar year is the amount determined in section 1 of this chapter.

**(b)** If the total amount to be distributed as capital projects support under this chapter for a particular calendar year exceeds seventy-five million eight hundred thousand dollars (\$75,800,000) in 2002, the amount to be distributed for capital projects support under this chapter to each school corporation during the last six (6) months of the calendar year shall be reduced by the same dollar amount per ADM (as adjusted under IC 21-3-1.6-1.1) so that the total reductions equal the amount of the excess.

**(c)** Each calendar year the state board of tax commissioners shall reduce the capital projects fund levy of a school corporation receiving a distribution under this chapter by an amount equal to the distribution that will be received by the school corporation under this chapter for that calendar year.

**Sec. 3. This chapter expires January 1, 2003.**

**SECTION 2. IC 21-3-3.3 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]:**

**Chapter 3.3. Distribution for Debt Service Support**

**Sec. 1.** Subject to section 2 of this chapter, the state distribution for a calendar year for debt service support for each school corporation equals the result determined using the following formula:

**STEP ONE: Determine the result of:**

(A) the school corporation's ADM (as defined in IC 21-3-1.6-1.1) for the current calendar year multiplied by seventy thousand dollars (\$70,000); divided by

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(B) the school corporation's most recent assessment adjustment factor, as determined by the state board of tax commissioners under IC 6-1.1-34.

**STEP TWO:** Determine the greater of zero (0) or the result of:

(A) the STEP ONE result; minus

(B) the school corporation's assessed valuation for the current calendar year.

**STEP THREE:** Determine the lesser of one hundredth (0.01) or the result of:

(A) the sum of:

(i) the school corporation's proposed debt service fund levy for the current calendar year before reductions under this chapter; plus

(ii) the amount of the average daily attendance flat grant that the school corporation will receive under IC 21-3-4.5-1 during the calendar year; divided by

(B) the STEP ONE result.

**STEP FOUR:** Multiply the STEP THREE result by the STEP TWO result.

**Sec. 2. (a)** Subject to the total amount appropriated by the general assembly for debt service support under this chapter, the amount that a school corporation is entitled to receive as a debt service support distribution for a calendar year is the amount determined in section 1 of this chapter.

**(b)** If the total amount to be distributed as debt service support under this chapter for a particular calendar year exceeds seventy million two hundred thousand dollars (\$70,200,000) in 2002, the amount to be distributed for debt service support under this chapter to each school corporation during the last six (6) months of the calendar year shall be reduced by the same dollar amount per ADM (as adjusted under IC 21-3-1.6-1.1) so that the total reductions equal the amount of the excess.

**(c)** Each calendar year the state board of tax commissioners shall reduce the debt service fund levy of a school corporation receiving a distribution under this chapter by an amount equal to the distribution that will be received by the school corporation under this chapter for that calendar year.

**Sec. 3.** This chapter expires January 1, 2003.

**SECTION 3. [EFFECTIVE JULY 1, 2001]** (a) There is appropriated from the state general fund to the department of education an amount sufficient to make the distributions under

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- 1 **IC 21-3-3.2 and IC 21-3-3.3, both as added by this act.**  
2 **(b) This SECTION expires June 30, 2003.**

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